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As in previous years, the Annual Policy Assessment of the U. S. Mission Kabul was carried out in several stages. First, a Mission-wide policy review was undertaken by a Policy Review Committee with members drawn from various elements of the Mission. The Policy Review Group then presented the results of its work to the Country Team in a series of meetings. From these joint meetings, and subsequent Country Team meetings, emerged the final Annual Policy Assessment which will be transmitted to the Department as a separate message.

This airgram transmits the Policy Review Group's paper presented to the Country Team. The Policy Review Group's paper represents the views of the Group. It was written as a preliminary document to assist the Country Team in drawing up the Annual Policy Assessment. It is submitted primarily to complement the final assessment.

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Enclosure: 1977 Policy Review

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1977 POLICY REVIEW

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ANNEX I: THE PEACE CORPS

I. FOREWORD

1976 has been a year of evolution in United States' policy toward Afghanistan with a trend developing in the last few months for a greater U. S. investment in both time and money in areas of interest, principally social and economic development, multilateral affairs, and narcotics control. The purpose of this review is to evaluate our activities in Afghanistan -- old, new, and proposed -- in the context of achieving United States' objectives.

The 1976 Policy Review (Kabul A-26) and the Annual Policy Assessment (Kabul 1765) thoroughly reviewed U. S. policy in Afghanistan and recommended that our objectives "require broadening and sophistication" and that "the U. S. Mission must strengthen our present posture in bilateral relations to make clear to the Afghans that our relationship must have true mutuality." Seven U. S. objectives were recommended by the Policy Assessment to amplify and make more specific the two objectives established by the 1969 "Country Policy Statement: Afghanistan" -- the last National Security Council approved statement of U. S. objectives, policy, and strategy for Afghanistan.

The 1976 Policy Review and Assessment remain essentially valid. The 1977 Review Group accepts the policy objectives identified in these papers with the exception of the U. S. objective related to narcotics control which we believe can be strengthened.

Accordingly, the Policy Review Group this year took on the task of building on the existing conceptual framework and evaluating U. S. programs and activities designed to meet each of our stated objectives. A topic of special interest, the Peace Corps, is separately discussed in an annex.

II. U. S. OBJECTIVES IN AFGHANISTAN: COMMENTS AND RECOMMENDATIONS

A. The Balancing Act

The first U. S. objective in Afghanistan is:

-- to foster an independent and non-aligned Afghanistan, willing and able to impose limitations on the Soviet Union.

This is our traditional objective in Afghanistan, identified in the 1969 NSC "Country Policy Statement," and the principal rationale for our decision to enter an "aid race" here with the U.S.S.R. in the early 1950's. The Review Group accepts the continued validity of this objective and recognizes that in a political crisis it might assume primacy over all our other objectives.

In practical terms, our means of achieving this objective have been to demonstrate our interest and concern for Afghanistan by providing economic and, to a very limited extent, military assistance to the country. The total of our assistance program falls short of balancing the Soviet Union literally and, in terms of geographic proximity, historical importance, and trade relations, the balance overwhelmingly weighs on the Soviet side. Thus, our policy can more accurately be described as limiting or checking Soviet influence. We have been successful. Although several swings have occurred in Afghan politics, the country in 1977 remains independent and non-aligned -- no more pro-Soviet or influenced by the Soviet Union than it was a decade or two decades ago.

The U. S. objective coincides with Afghan desires. But the definition of what comprises an adequate response to the constant Afghan refrain for a "large and visible U. S. presence" to limit Soviet influence poses ambiguities for our policy.

The Review Group does not question the need for a continued U. S. presence in Afghanistan. We are the principal counter to the Soviet Union and the Soviets, no doubt, evaluate our presence as an indicator of interest. However, Afghanistan, in a sophisticated, multi-polar world, is a country of many interests: Western Europe and Japan are important as trade partners and aid donors; OPEC countries, particularly Iran, have made large commitments of economic assistance to Afghanistan, both in the interest of Muslim brotherhood and limiting Soviet influence; international financial institutions, Western oriented and financed, have made sizeable investments in Afghan development projects; and, the PRC has a mission here and an assistance program. In addition, Afghan relations with Pakistan have improved slightly, thereby reducing an element of regional instability exploitable by the U.S.S.R. as Afghanistan's main supplier of military goods. Finally, Afghanistan finds identification with the non-aligned group of countries in international forums.

None of the above factors are presently detrimental to the U. S.'s balancing act with the Soviet Union and several are positively favorable. What this environment suggests is that the Afghans have flexibility apart from the Soviet Union and the United States for foreign economic assistance and political interest in the international posture of the country. It further suggests that the U. S. need not directly structure its activities in Afghanistan on the basis of competition with the Soviet Union.

As has long been recognized, the Afghans are ingenious players of the "Great Game" in Central Asia, using their position as a neutral state to extract maximum benefits (i.e., expressions of political interest) from their relations with competing powers. They desire greater U. S. "visibility" but visibility is not a precise term. The Afghans have the

ability to emphasize visibility of powers antipathetic to the Soviet Union such as the PRC; the same can be done for the U. S. as it suits Afghan purposes. The Review Group maintains that by actively pursuing our other objectives in Afghanistan, our objective of limiting Soviet influence will likely be achieved without special consideration being given to that aim.

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B. Regional Stability

Our objective is:

-- to promote the development of closer Afghan regional ties through the improvement of relations with Pakistan and Iran.

This is the second of our traditional objectives in Afghanistan identified in the 1969 NSC paper. The 1976 Review Group correctly pointed out that our influence in improving Afghanistan's relations with its Islamic neighbors is marginal. Consequently, while recognizing the importance of this objective, the U. S. stance should be to respond (carefully) to opportunities rather than take initiatives in regional affairs.

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C. Social and Economic Development

Our objective is:

-- to assist Afghanistan in the social and economic development of the country especially as it affects the quality of life of the majority of the Afghan populace.

As background, the current economic situation of Afghanistan can be summarized very briefly as follows:

(1) a strong currency, a good balance of payments position and ample foreign exchange reserves;

(2) self-sufficiency in most years in most food crops;

(3) generous commitments of foreign assistance from a variety of sources. For the current Afghan year more than one-third of

the total budget, including almost two-thirds of the budget allocated to development, is projected to come from foreign assistance.

(4) To the extent it can be measured, a modest rate of economic growth with little encouragement to the private sector.

Therefore, Afghanistan, undeniably one of the poorest countries of the world, at present, has a relatively favorable financial position with ample funds, foreign and domestic, to finance expanding programs of economic and social development. The major constraint to development is not financial, but rather an ability to effectively implement development programs.

The Review Group has already commented that a U. S. assistance program is viewed necessary by both the Afghans and the U. S. to limit Soviet influence. We have also commented that, Afghan refrains to the contrary, the U. S. presence need not be as visible as they might wish. What then are appropriate types and levels of U. S. assistance to Afghanistan?

Taking the question of appropriate types of assistance first, the Review Group endorses strict adherence to the principles outlined in AID's FY 1975 Development Assistance Program (DAP). These principles are:

(1) simplicity -- keep projects at a basic level, particularly in the beginning

(2) incremental development -- do a little bit first and let the projects grow in size and complexity

(3) direct benefits -- to the common man

(4) objective results -- observable

(5) other conditions -- maintaining leverage with the Government of Afghanistan (GOA) fixed amount reimbursement (FAR), a limited number of activities, and a firm attitude toward commitments being met by the Afghans as a condition of further assistance.

The prompting behind these principles was the Foreign Assistance Act of 1973 which directed AID to concentrate its efforts in areas of benefit to the rural poor. The intent of Congress, to our knowledge, remains unchanged.

The Review Group has divided AID projects underway or proposed for FY 1978 into two categories: projects substantially meeting the

principles of the DAP are listed in Category I; projects, in our judgment, failing in at least one respect to meet those principles are listed in Category II. An estimate of the cost to the USG for each project during its lifetime is included in the table.

Category I Project	Total Estimated Cost During Project Lifetime
Helmand Valley Drainage	$ 20.0 million
Rural Primary Schools (Phase I and II)	11.2
Integrated Wheat Development	10.7*
Rural Development	6.0
Basic Health Services	4.3
Afghan Family Guidance Association	1.8
Total Cost	$ 54.0 million

Category II	
Technical Manpower Development (Kabul University Engineering Faculty)	$ 25.7 million*
Women's Dormitory--Kabul University	5.3
Educational Materials Processing	2.9
Development Support Training	2.5
Development Related Research	2.4
Total Cost	$ 38.8 million

AID's 1978 country narrative identified a "two-pronged developmental thrust of assisting the GOA in projects directly affecting the rural populace while strengthening Afghan institutions and manpower required for the planning and implementation of these rural programs." The Review Group recommends priority be given to projects in Category I -- projects directly affecting the rural populace or, in the case of the Afghan Family Guidance Association, urban-based, but affecting a broad spectrum of people.

The level of U. S. assistance for projects in Category I depends upon Afghan performance. We are not committed to the expenditure of large sums of money on the assumption that future benefits may result. Therefore, implementation schedules should remain flexible and our involvement should be dictated by GOA action rather than following fixed plans, and predicated on results observable at each stage of the project.

*Recent indications from AID Washington are that this figure may be substantially reduced.

In addition to the projects listed above in Category I and II, commodity assistance under PL-480 has formed part of our assistance package to Afghanistan in the past. In view of the good financial position of Afghanistan, the Review Group does not believe that PL-480 assistance, barring major natural disasters, is necessary for Afghanistan.

The Review Group would comment simply that the appropriate level of U. S. assistance is what Afghanistan can usefully absorb in projects which meet DAP criteria. If the Afghans demonstrate little interest or initiative, a gradual phased reduction in the U. S. assistance programs is indicated. If they respond effectively, we should continue our active support with levels tempered by the constraint of the total AID budget and a realistic ceiling. In this context, we reiterate the statement of last year's Review Group that the United States is more important to Afghanistan than Afghanistan is to the United States.

The Peace Corps. Over the past two years, the role played by the Peace Corps in development assistance has been largely confined to secondary and tertiary education. In 1977, however, more diversified programming is underway with new volunteers being recruited to work in the field of health. An increase in the number of volunteers teaching in the expanding Faculty of Engineering at Kabul University is also anticipated. With these new programs, the downward trend in the number of volunteers in Afghanistan and the limited roles in which they serve begins to be reversed.

Since 1974, the contribution of the Peace Corps to socio-economic development and cultural interaction between Afghans and Americans has been largely confined to English teaching programs for Afghan students and officials. For greater developmental impact, the program should be diversified. The health program mentioned above is a first step by the GOA in broadening the role of the Peace Corps. The Peace Corps should take advantage of additional opportunities which may arise for new programs in fields such as rural development, health, and secondary education in the provinces. However, as in the case of other U. S. programs, the Review Group does not perceive that an overall expansion of the Peace Corps is necessary to meet U. S. policy objectives. The level of our commitment to Afghanistan should be based on the effective use made of Peace Corps assistance.

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D. U.S./Afghan Cultural Ties

The U. S. objective is:

-- to foster the perception of a broad community of interest between Afghanistan and the United States, including Afghan appreciation of the relevance of American values -- economic, political, and social -- to their national problems.

The U. S. in Afghanistan has well-rounded information and cultural programs. The Review Group sees the level of our activity as appropriate to the country.

The main policy issue arising is in our exchange programs. Included are Fulbright-Hays exchange professors, the International Visitor's Program (IVP), exchanges of students and professors between U. S. universities and Kabul University, and special travel grants to Afghans for professional interests. The exchange program is important in fostering Afghan knowledge and appreciation of a distant country -- the U. S. The program should be continued and, if it should become feasible, slightly expanded.

The difficulty with the exchange programs is in the selection of candidates. Despite attempts on our part in the past year to maximize Afghan participation in the selection of suitable candidates, they have been mostly unresponsive -- failing to name candidates meeting U. S. standards or, in some cases, any candidates at all.

The integrity of the program should be preserved. Our interests are served only if highly qualified and motivated persons in leadership positions or with leadership potential are selected. We should continue our efforts to encourage the selection of such persons. But the U. S. should be prepared to reduce or terminate exchange programs if the GOA does not show sufficient interest or cooperation.

E. Commercial Interests

The U. S. objective is:

-- to encourage an increase in Afghan utilization of American products and services in undertakings funded by OPEC and other donors, and to encourage U. S. - Afghan investment projects.

This is a non-controversial objective. Approximately one officer man-year annually is devoted to this task and this, with occasional assistance from other Mission elements, is sufficient to take advantage of the fairly good opportunities prevailing in Afghanistan for American firms. As the selection process for international contractors to accomplish foreign assistance financed projects in Afghanistan is often both politicized and irregular, we should use our influence to ensure that American companies receive equitable consideration.

F. Multilateral Issues

Our objective is:

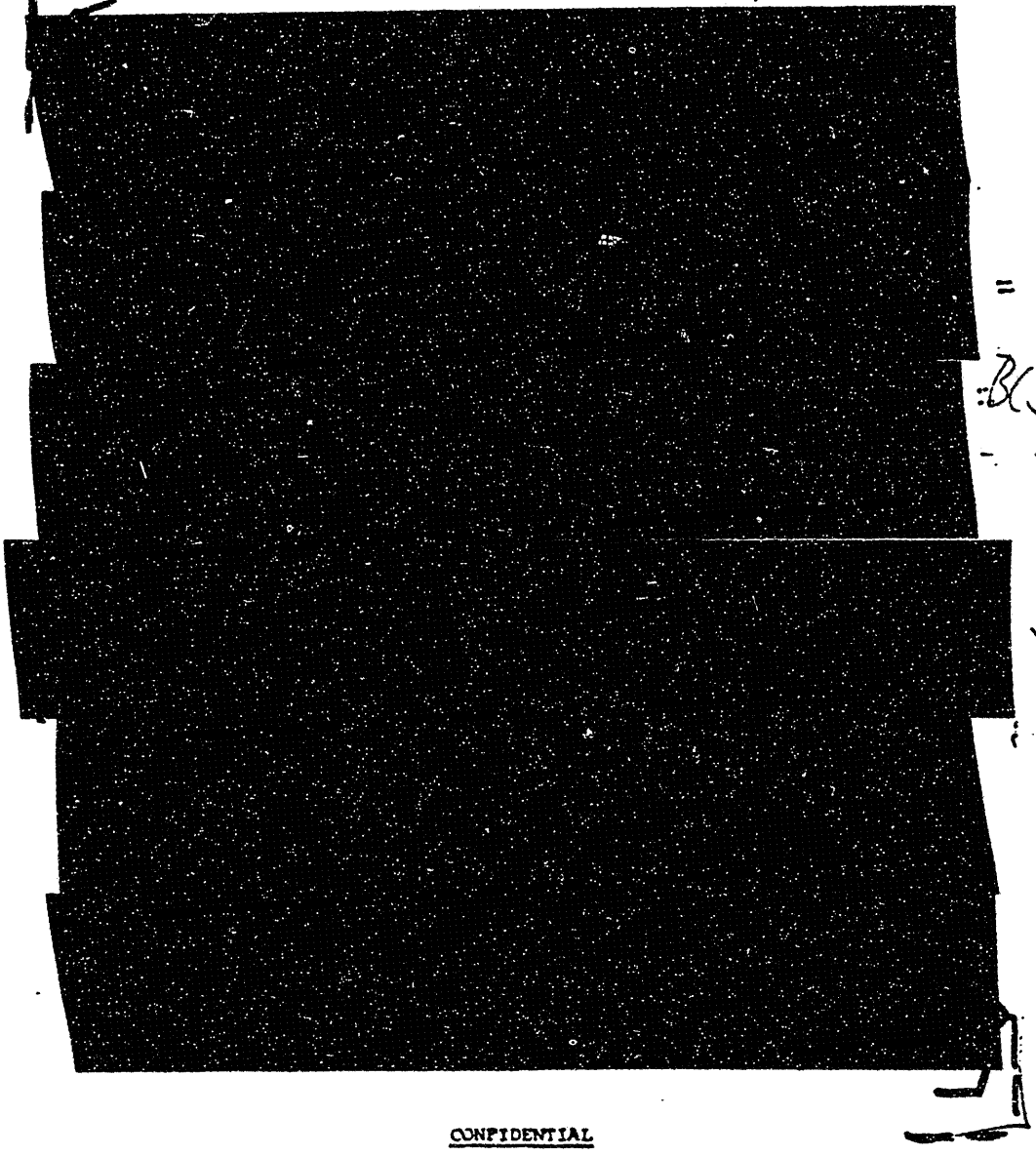
-- to obtain more favorable Afghan votes at multilateral forums on issues considered vital by the United States.

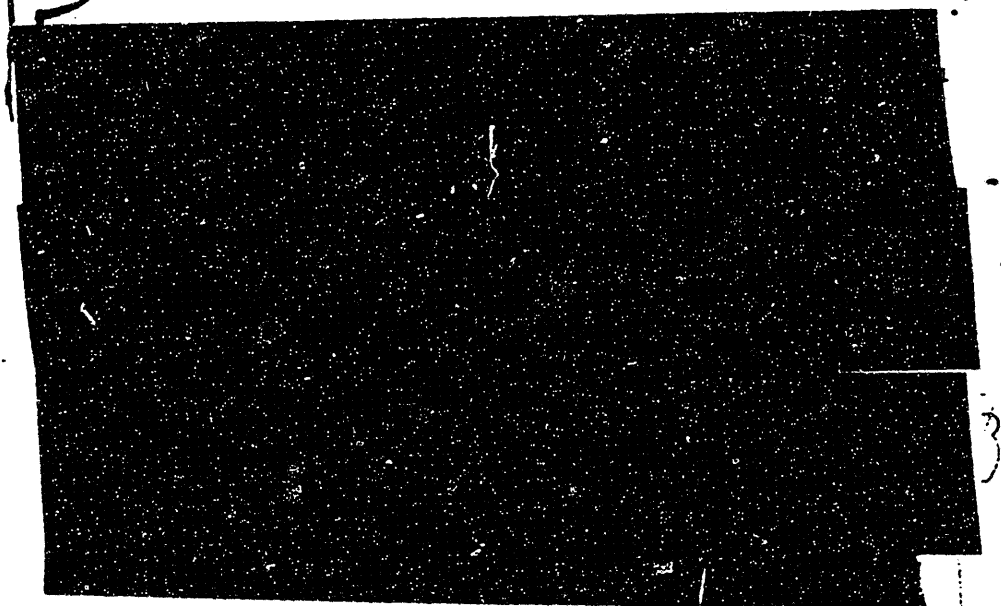
The 1976 Policy Review and Assessment recommended an expanded effort by the Mission to make clear to the GOA the seriousness with which we regard hostile votes on issues important to the United States in international forums. A large and increasing portion of work of the Political Section and other Mission elements have been devoted to this task.

We have had little success. The common Afghan response has been to assure us privately that they are more in accord with American views than their public stance would indicate. This is hardly satisfying. But the Afghans, followers rather than leaders on most issues, continue to find it easier to vote with the non-aligned bloc than take an independent position of abstention on issues vital to the United States but of little or no direct concern to Afghanistan.

The Review Group endorses the priority given by the Mission to explaining the U. S. position to the Afghans on issues in international forums, to emphasizing the importance to the U. S. of these issues, and to following up adverse Afghan votes with strong representations and expressions of regret. We recommend that our current strategy and tactics continue.

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III. CONCLUSION

The Policy Review Group has attempted to define a presence for the United States in Afghanistan sufficient to meet our interests but not expansive.

(1) Educational exchange and military training programs are important to the United States and are worthy of modest expansion -- if the Afghans cooperate in accepting our standards for the programs.

(2) The level of social and economic development assistance should be consistent with the Afghans' ability to effectively absorb that assistance -- but U. S. assistance should be limited to projects that meet a well-defined criteria of direct benefit to the poorest majority of the Afghan populace.

(3) The U. S. should exercise its influence in areas of direct importance -- commercial interests and multilateral issues --

to meet our objectives, but we have not, for the present, advocated punitive retaliation if Afghan action and our own interests do not coincide.

(4) Our efforts to achieve our objective of narcotics suppression and control in Afghanistan should be directed primarily through the UN and its agencies, rather than through bilateral assistance. We should use our influence to help assure Afghan acceptance and effective utilization of UN assistance.

(5) Our strong presence in Afghanistan and the pursuit of our other objectives will likely be sufficient to achieve our traditional objective -- limiting Soviet influence -- without any special consideration being given to that objective.

We have, therefore, advocated a responsive rather than a dynamic role for U. S. policy in Afghanistan. If at times we have appeared complacent, it is because we believe that present U. S. resources are adequate for the task at hand and that the Mission is doing a creditable job in pursuing our objectives.

ANNEX I

THE PEACE CORPS

The Peace Corps is an important component of U. S. development assistance to Afghanistan. The Review Group decided to take up the Peace Corps separately as its problems relate more to personnel than the content of the program.

The Peace Corps program at its height in Afghanistan reached a level of about 200 volunteers scattered throughout the country. At present, about 50 volunteers are in country, mostly in Kabul. The few volunteers in the provinces will not, under present plans, be replaced when their tours are completed. The great majority of all volunteers are now involved in English teaching programs, as this is the only field open to any extent for Peace Corps Volunteers (PCV).

The viability of the Peace Corps in Afghanistan does not depend upon the number of volunteers. A relative handful, well placed to make a significant contribution and to enjoy a unique and satisfying personal experience, would make the program worthwhile. Thus, the Review Group is not concerned per se about the size of the Peace Corps program.

However, according to a 1975 survey comparing the Peace Corps in Afghanistan with other countries, the program in Afghanistan ranked near or at the bottom in terms of volunteer satisfaction. Although this situation has improved, the rate of dissatisfied volunteers and those not completing their two-year assignments is still high, thereby creating difficulty for the Peace Corps in meeting its commitments and engendering a feeling on the part of the Afghans that the Peace Corps is not a dependable or steady source of assistance in the English teaching programs in which most volunteers work.

The Review Group interviewed several successful and experienced Peace Corps Volunteers to gain insights on what the volunteers consider to be the problems with the program. Their comments were fairly consistent.

(1) All the volunteers we interviewed agreed that the Peace Corps selection process should be more rigid, but concentrated less on academic credentials than attitudes and adaptability for it is the PCV's internal resources that determine his success or failure, not his background. For example, all other things being equal, a B. A. generalist is given a better chance of succeeding teaching in Afghanistan than a trained teacher. The generalist is less likely to suffer the frustration of an experienced teacher unable to use his acquired skills.

(2) Training is considered an important facet in volunteer success. All of the volunteers agreed that the bulk of training should be conducted in-country rather than the United States although several felt that a more lengthy orientation and staging period in the U. S. would be useful, both in acquainting volunteers with the place they are to serve a[illegible] in weeding out, at an earlier stage, volunteers unsuited for the task. As language is an important tool of the PCV, a language aptitude of average or better might be one requirement for a volunteer.

Some volunteers stressed the in-service training would be extremely useful. After a month or so on the job when the confusion of the volunteer is at its maximum, a week or so with an experienced cultural specialist with Afghan experience would be useful in arresting volunteer antipathy and helping them gain insights into a culture they have begun to experience.

(3) The PCV's all had complaints about the Peace Corps staff -- both local and Washington. A number of their complaints can be relegated to the category of common griping or frustration resulting from lack of job satisfaction, but in one area the Review Group feels volunteers have a point regarding the local staff. Without exception, the volunteers felt that the local (Afghan) staff is too deeply entrenched and complacent and that the American staff is too heavily dependent upon Afghan interpretation of the program and events effecting the program.

We have, thus far, discussed only those actions which might be taken by the U. S. to improve the Peace Corps program in Afghanistan. However, the bulk of the problem results from Afghan attitudes and use (or lack of use) of the Peace Corps. PCV's do not appear to be highly regarded by the Afghan Government, particularly by the Ministry of Planning which must approve all Peace Corps projects. This feeling has some justification and can only be overcome by a record of accomplishment by PCV's. Thus, the selection and training process assumes great importance.

On the other hand, the Afghans could certainly do more to enhance the Peace Corps experience in Afghanistan. Good jobs and working conditions are a start. Well-defined counterpart relationships of volunteers with their Afghan peers and supervisors is another. The majority of PCV's we interviewed favored an aggressive approach on the part of the Peace Corps. Likewise, most volunteers felt that life in the provinces was more likely to be personally satisfying than a job in Kabul and would favor an effort by the staff to persuade the Afghans to open up provincial sites for volunteers.

At present, a proposal is before the Peace Corps to bring Volunteers to Afghanistan to work within the proposed AID program of assistance to the Engineering Faculty of Kabul University. The volunteers did not seem troubled by the identification which the Peace Corps would thereby have with an AID project. However, they did have several problems with the

manner in which the Peace Corps has been asked to participate in the program. First, the time for recruiting qualified volunteers has been drastically shortened. Secondly, volunteers would form the majority of English teachers in the Engineering faculty. A better situation would be for volunteers to supplement the Afghan faculty and be a minority, not a majority. Thirdly, there is some concern about the Peace Corps assigning too many volunteers to a single site when dispersement is viewed as more advantageous for both volunteers and the Afghans. The conclusion seems to be that the Peace Corps should take advantage of the opportunity to participate in this program but the project should be well-monitored and adjustments should be made as warranted.

The Review Group makes the following recommendations concerning the Peace Corps program in Afghanistan.

(1) The selection process for Peace Corps Volunteers to serve in Afghanistan should be improved. The motivation and personal characteristics of prospective volunteers should be given more weight.

(2) Training for volunteers at the beginning of their tours is adequate, but a program of in-service training directed by a cultural specialist experienced in Afghanistan would be useful in helping PCV's adjust to this country.

(3) The Peace Corps differs from most American organizations in giving substantive responsibility for carrying out programs to its Afghan staff. The Review Group recommends increased American supervision of its local staff.

(4) To assure continuity and a maximum of American supervision of the program, Peace Corps Washington should improve its procedures for recruiting qualified personnel and assigning them to the country in a timely fashion.